

CHAPTER I

INTRODUCTION

1.1 Background of the Study

Since we are living in the era of changes where people across the world are getting more and more concern about their surrounding and the social elements where it could create a different habit of consumption in each people, the situation increase the awareness towards the human activities and the impact towards the environment around them. The company that previously only focus on producing which tend to search for cost reduction and more productive production, consumer only see the product based on their point of view. But as the time passed, more competitor appears which causing the customer to be more selective towards the quality in each different product, where focus of company image must be enhance to ensure their competitive position in the market (Hsu, 2018).

Nowadays, for a company to maintain the profit that they earn is not getting easier since the competition within the market and business keep appearing. That's why in order to maintain those profit, company must firstly fulfill their basic obligations which for the stakeholder of the company. When the basic obligation is fulfilled, then the company image can be enhanced, and company can maintain their profit.

The importance of corporate social responsibility is essential for company, which it is a stated philanthropy action that enables company to create the company image in positive way, which is by donating in terms of money, service and doing social activities. This can create a positive perception from the public especially when the activities create value for the public, then the impact will be bigger.

The book (Heikkurinen, 2021) further discussed, showing that people have perception towards big company that only care about their own profit, which this can hinder the growth of a company. By doing public relation and Corporate Social Responsibility, it can convince the people that the company really do care for the environment and the welfare of the people.

The article did display the data gathered using software, where the employee of the company volunteer for different social organization event and donation for the several parts of the profit gathered for the society, which showing that doing public relation and Corporate Social Responsibility shows positive impacts and alter public perception. The result of the research also shows that more than 60% of the people willing to spend towards the Company that do Corporate Social Responsibility, enhance the company image and the morale of employee also increase.

As Corporate Social Responsibility is proving to become powerful and there are more new activities towards Corporate Social Responsibility, then big business implements Corporate Social Responsibility inside their marketing

operation, along with the analysis towards the effect and creating more developed activities according to their target market. To summarize, Corporate Social Responsibility allows company to provide different strategy that effective on different target market.

Most of the companies admit that Corporate Social Responsibility is important to complete their identity where they can create change and revolution for a better surrounding. Large corporations such as Johnson & Johnson develop Corporate Social Responsibility as sight for kids' program to provide vision health for millions of kids and renewable energy program to reduce the greenhouse gas emission. This is done to create a sustainable environment at the same time they create company image with Corporate Social Responsibility an public relation.

Corporate Social Responsibility did not always provide the company with profit, but some company did Corporate Social Responsibility and public relation to build their image and solve the social pressure (Mochalov, 2017). In the research also did explained about Corporate Social Responsibility not only generate profit for the company but also for the sustainable purpose.

But some research did not agree the impact of Corporate Social Responsibility for the company. Company is built to earn profit but implementing Corporate Social Responsibility and public relation will increase the operational cost where they need to do Corporate Social Responsibility every time for the sustainability and extra bureaucracy (Geethamani, 2017). This claim is

contradicting with the benefit of Corporate Social Responsibility and public relation that has previously mentioned is the reason behind the writer of this research paper is conducting a study at CV Sukses Abadi, Medan.

CV Sukses Abadi, Medan was founded in 1998 by Mr. Dahasan and for now CV Sukses Abadi runs 2 type of business. The first business is as a supplier for household product which some brand is targeting business to business sector and they started to open supermarket which targeting middle to low-income class market called as JiMart. The product offered by JiMart is considered as cheap and affordable which they can compete with the competitor. As one of the consistent business in Medan, CV Sukses Abadi, Medan they do Corporate Social Responsibility program for the surrounding.

As for the company image in CV Sukses Abadi, after interviewing the owner and do little interview with the employee, they are explaining that currently the image is quite good because it is well known, label as a friendly company and also loves to interact with the people around. Therefore we could see the company image is quite positive here.

Table 1.1
CSR Activities from CV Sukses Abadi, Medan 2015 – 2021

Year	Number or CSR	Activity
2015	2	1. Environment sustainability: growing tree 2. Improving labor policies 3. Donation in terms of money 4. Environment Clean up 5. Health Campaign: free mask 6. Helping hunger people
2016	2	
2017	2	
2018	3	
2019	3	
2020	5	
2021	1	

Source: CV Sukses Abadi Medan, 2015-2020

Table 1.2
PR Activities from CV Sukses Abadi, Medan 2015 – 2021

Year	Number or CSR	Activity
2015	0	1. Media Relation with Social Media 2. Sponsorship and Partnership 3. Employee Relation
2016	0	
2017	0	
2018	0	
2019	1	
2020	1	
2021	1	

Source: CV Sukses Abadi Medan, 2015-2020

The table above shows the Corporate Social Responsibility program and Public Relation action by CV Sukses Abadi which they involve and contribute for the society in that area as the activity increased from year to year. The number of activities will increase as there are more events, such as normally the company will do annual activities such as money donation and planting tree but at the year of 2020 since the pandemic happen, the company promote health campaign such as washing hand and distribute free mask for people for the safety. Currently, the CSR activity is done only around the environment. The activities' purpose is for the well-being of the people and for the sustainability of the environment.

But there is some problem towards the Corporate Social Responsibility existence. Which the writer got information from the upper-level management that the company did not manage properly the Corporate Social Responsibility and the company still did not realize whether the Corporate Social Responsibility and Public Relation activities create influence towards the company or not for the sustainable profit.

With the reasons mentioned above, the writer is interested to hold a further in-depth research able to be analyzed and draw a conclusion on, and the research being titled as **“The Impact of CSR (Corporate Social Responsibility) and PR (Public Relation) towards Company Image at CV Sukses Abadi, Medan.”**

1.2 Problem Limitation

The writer will collect the data of this study by doing questionnaire towards the employee and direct interview with the warehouse head and the owner of CV Sukses Abadi starting from January 2021 until April 2021. Due to the time limitation, this study is limited to "Corporate Social Responsibility" and "Public Relation" will be the independent variable (X) while "Company Image" become the dependent variables (Y) at CV Sukses Abadi, Medan. To analyze data in data quality testing, there are validity test, reliability test and normality test and linear regression is used in SPSS application.

1.3 Problem Formulation

As the writer's objective is to identify impact of CST and PR towards CI, so there are several questions to be answered by follows:

1. Does Corporate Social Responsibility Influence Company Image of CV Sukses Abadi, Medan
2. Does Public Relation Influence Company Image of CV Sukses Abadi, Medan

3. Do Corporate Social Responsibility and Public Relation simultaneously influence company image at CV Sukses Abadi, Medan

1.4 Objective of Research

There are some objectives of the research to solve the problem which by follows:

1. To identify the types of Corporate Social Responsibility implemented by CV Sukses Abadi, Medan
2. To identify the types of Public Relation implemented by CV Sukses Abadi, Medan
3. To identify the simultaneous of Corporate Social Responsibility and Public Relation towards Company Image at CV Sukses Abadi, Medan

1.5 Benefit of the Research

There are 2 type of benefit for this research

1.5.1 Theoretical Benefit

To enrich the understanding and provide information towards the impact of Corporate Social Responsibility (CSR) and Public Relation (PR) on Company Image (CI)

1.5.2 Practical Benefit

The practical benefit of this research is as follows:

1. For the writer, to gain knowledge of the influence of corporate social responsibility and public relation towards company image.
2. For the company, to understand and improve the corporate social responsibility and public relation to achieve sustainable profit.
3. For other research, this research can be used as reference and information source in doing research related to corporate social responsibility, public relation, and company image.

